

**Government of India**  
**Ministry of Communications**  
**Department of Telecommunications**  
**Office of Controller General of Communication Accounts**  
**4<sup>th</sup> Floor, MTNL Building, Jawahar Lal Nehru Marg, New Delhi-110002**

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**No:50-1/BGPolicy/2023/BGClarification**

**dated .07.2025**

**To**

All Pr. CsCA / CsCA

**Subject:** Half-Yearly Review (HYR) of Financial Bank Guarantees (FBGs) for Decentralized Licenses – Uniform Formula for Calculation

It has been observed that field units follow varying interpretations of the applicable rules regarding the Half-Yearly Review (HYR) of Financial Bank Guarantees (FBGs). To ensure uniformity across all units, the following guidelines are reiterated for strict compliance.

2. As per Clause 21.2 of the License Agreement and LFP Wing Orders No. 24-1/2018-LFP-I dated 26.04.2022 and 11.07.2024, the formula for determining the FBG amount during HYR (conducted each April and October) is as follows:

- i.  $FBG (LF) = 20\% \text{ of Estimated Sum Payable, where-}$   
 $\text{Estimated Sum Payable} = LF \text{ for two quarters} + \text{Other dues not otherwise securitized}$
- ii. *LF for two quarters* is to be calculated as: Arithmetic Mean of LF payable during the last four quarters  $\times 2.2$
- iii. The term “*Other dues not otherwise securitized*” is defined in LFP Wing letters No. 1-9/2019-LFP-I dated 08.10.2021 and (1-9/2019-LFP-I) Part-I dated 25.08.2022.
- iv. Illustration: Total Required FBG (LF) =  $\{[(LF \text{ for } Q1 + Q2 + Q3 + Q4) \div 4] \times 2.2 + \text{Other dues not otherwise securitized}\} \times 20\%$
- v. The additional FBG (LF) to be submitted, if required, shall be calculated as:  $\text{Additional FBG (LF)} = \text{Total Required FBG (LF)} - \text{Existing FBG (LF)}$

3. The FBG review for Spectrum Usage Charges (SUC) shall follow the same procedure as outlined for LF.

4. All Pr. CsCA / CsCA/JtCCA(IC) are directed to adhere to the above methodology while conducting the HYR and ensure that the availability of FBGs is reviewed accordingly.

This is issued with the approval of the Competent Authority.

Digitally signed by  
Harshvardhan Singh Khangarot  
Date: 25-07-2025 12:46:48

DyCGCA (Revenue)

Copy to-

1. SrDDG LFA, DoTHQ for kind information and consideration during the process of development of FBG HY Review.
2. DDG LFP, DoTHQ
3. JtCGCA (Revenue). O/o CGCA

✓ 2022

Government of India  
Ministry of Communications  
(Licensing Finance Policy Wing)  
Sanchar Bhawan, Ashoka Road, New Delhi.  
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No:24-1/2018-LFP-I

Dated:26.04.2022

To,

Sr. JtCGCA( Revenue) ,  
Dept. of Telecom Ministry of Communications,  
NICF Campus, Ghitorni, New Delhi.

Subject: Regarding formula for calculation of FBG amount for License Fee (LF) and Spectrum Usage Charges (SUC) in connection with the amendment in License Agreement for rationalization of BGs.

Ref: letter No. 50-1/2021/BG Policy dated 09.12.2021

With reference to your above letter the following is clarified.

- a) FBG review for LF shall be done as per clause 21.2 of the license agreement which mentions that "the FBG shall be equivalent to 20% of the estimated sum payable of LF for two quarters and ..... by the licensor".
- b) "Estimated sum payable of LF for two quarters" will be arrived by taking the *arithmetic mean of the quarterly LF payable by the operator during last 4 quarters multiplied by 2.2.*
- c) FBG review for SUC also will be carried out similar to LF as per procedure outlined in a and b above.

*R. Sathish Kumar*  
Sathish Kumar R  
Director (LFP II)

Copy to :  
DDG(LFA)/DDG(WPF)

**GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS  
DEPARTMENT OF TELECOMMUNICATIONS  
LICENSING FINANCE POLICY WING  
Sanchar Bhawan, 20 Ashoka Road,  
New Delhi-110001**

**No. 24-1/2018-LFP**

**dated : 11.07.2024**

**To**

Joint CGCA (Revenue),  
NICF Campus, Ghitorni,  
New Delhi - 110047.

**Subject:- Query of F & C Audit on the formula to arrive at the amount of FBG required to be maintained by decentralized licensee – Reg.**

Ref:- O/o CGCA letter No. 50-1/BG Policy/2023/BG Clarification dated 09.07.2024.

Please refer to your office letter No. 50-1/BG Policy/2023/BG Clarification dated 09.07.2024.

2 The letter No. 24-1/2018-LFP-I dated 26.04.2022 was issued in the context of clarification sought regarding formula for calculation of FBG amount for LF and SUC after amendments related to rationalisation of bank guarantees. It was also intimated while seeking clarification that there were differences in the way estimated sum payable of LF for two quarters was calculated due to different orders issued over a period of time.

3. Para 1 of the letter dated 26.04.2022 clearly states that clause 21.2 of the license agreement is to be followed for FBG calculation. Para 2 of the letter provides only the methodology to calculate the value of estimated sum payable of LF for two quarters.

Signed by  
Sathish Kumar R  
Date: 11-07-2024 13:22:34  
**Sathish Kumar R**  
**Director (LFP-II)**

No. 1-9/2019-LFP-I  
Government of India  
Ministry of Communications  
Department of Telecommunication  
( Licensing Finance Policy Wing)  
Sanchar Bhawan, Ashoka Road, New Delhi-110001

Office Memorandum

Dated: 08.10.2021

**Subject: Procedure for rationalization of Bank Guarantees pursuant to the amendment in the License Agreement(S)**

Kindly find enclosed the License Amendment bearing No. 20-271/2010 AS-I (Vol.IV) dated 06.10.2021 pursuant to the decision of the Union Cabinet in respect of Rationalization of Bank Guarantees.

2. The competent authority has decided the modalities for implementation of the aforesaid amendment as follows:

**Licensees whose License Fee assessment is carried out at LFA Wing, DOT HQ**

O/o Controller General of Communication Accounts shall be responsible for custody and maintenance of all PBGs and FBGs (excluding spectrum auction FBGs and roll-out obligation related PBGs) including inter alia the following:

- i. Ascertaining the revised FBG/PBG amount requirement in terms of the License Agreement;
- ii. Communicating the revised FBG/PBG requirement to concerned TSPs;
- iii. Receiving the revised bank guarantee(s) and getting the verification/confirmation from concerned banks;
- iv. Releasing of old PBGs/FBGs to TSPs;
- v. Six-monthly review of FBGs amounts.

**Licensees whose License Fee assessment is carried out by CCA offices**

The concerned CsCAs carrying out the LF assessment shall be responsible for custody and maintenance of all PBGs and FBGs (excluding spectrum auction FBGs and roll-out obligation related PBGs) including inter alia the following:

- i. Ascertaining the the revised FBG/PBG amount requirement in terms of the License Agreement;
- ii. Communicating the revised FBG/PBG requirement to the concerned TSPs;
- iii. Receiving the revised bank guarantees and getting the verification/confirmation from concerned banks;
- iv. Releasing of old PBGs/FBGs to TSPs;
- v. Six-monthly review of FBGs amounts.

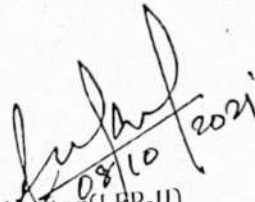
3. Regarding calculation of Bank Guarantee requirements, in respect of the term "*other dues not otherwise securitized*", following amounts shall not be included while computing of PBG/FBG amounts:

- i. AGR Dues determined as payable by the Hon'ble Supreme Court Judgement dated 1.9.2020;
- ii. License Fee and SUC dues for prior and current periods, not included in Hon'ble Supreme Court judgment which are the subject of dispute/litigation of assessments/wherein TSPs have submitted representations which are pending. In these cases the demands will become due (payable) on settlement of outstanding issues;
- iii. CAF and EMF penalties (violations of license) and demands of Liquidated Damages. The issues of securitization for violation of license terms and conditions is covered under PBG prescribed under clause 21.1 of UL Agreement.

3. Necessary action shall be taken to effect the revised PBG/FBG requirements immediately. O/o Controller General of Communication Accounts may issue suitable instructions to the CsCA and TSPs towards effective implementation of the Cabinet decision.

This issues with approval of Competent Authority.

Encl: As above.

  
Director (LFP-II)

Copy to:

1. CGCA
2. Member (T)/DGT/Advisor (F)/JWA: with the request to immediately furnish the detail referring BGs under litigations, corporate insolvency resolution process or those licensees who have closed operations (undergoing liquidation/liquidated) to O/o CGCA
3. All Pr.CsCA/CsCA
4. DDG (LFA)/DDG(WPF)
5. PPS to Secretary (T)
6. PPS to Member (F)
7. Director IT for uploading on DoT website.
8. All Operators concerned.
9. Guard file.



**Government of India**  
**Ministry of Communications**  
**Department of Telecommunications**  
**(Licensing Finance Policy Wing)**

No. 1-9/2019-LFP-I)Part-I

Dated: 25.08.2022.

To,

Sr. Jt. CGCA (revenue)  
O/o CGCA, NICF Campus,  
Ghitorni,  
New Delhi-110030.

**Sub: - Issue of guideline/clarification for Rationalisation of Bank Guarantees.**

**Ref: 50-1/2022/Decentralized/Clarification/Rationalization of BGs/2022 dated 18.08.2022.**

With reference to your above letter seeking clarification on rationalisation of bank Guarantees of decentralised licensees the following is intimated

1. Para 3 of DOT OM No.1-9/2019-LFP-I dated 08.10.2021 states the following

*"3.Regarding calculation of Bank Guarantee requirements in respect of the term "other dues not otherwise securitized", following amount shall not be included while computing of PBG/FBG amounts;*

*(i). AGR Dues determined as payable by the Hon'ble Supreme Court Judgement dated 1.9.2020;*

*(ii) License Fee and SUC dues for prior and current periods, not included in Hon'ble Supreme Court judgment which are the subject of dispute/litigation of assessments/wherein TSPs have submitted representations which are pending. In these cases, the demands will become due (payable) on settlement of outstanding issues;*

*(iii). CAF and EMF penalties (violations of license) and demands of Liquidated Damages. The issues of securitization for violation of license terms and conditions is covered under PBG prescribed under clause 21.1 of UL Agreement."*

2.The legal dispute regarding matter of inclusion of revenue from Pure internet services is covered under the scope of para 3(ii) of above order dated 08.10.2021 and these dues are not to be included while computing FBG amounts for rationalisation purposes.

3.Further it may be noted that CA 220/2021 pending in the Hon'ble Supreme Court is related to inclusion of revenue from pure internet services in AGR for all UL ISP licensees and ISP licensees which have migrated to UL regime. For ISP IT licensees, Revenue from pure internet service is allowed as a deduction as per the license agreement till amendment dated 31.03.2021 was issued. The amendment removed Revenue from Pure internet services as a deduction for these licensees with effect from 31.03.2021.

4. In case of cable TV revenue and Other income, in case the dues are subject of litigation or representation of the licensee on the demand notice is pending then the same will be covered under the scope of para 3(ii) of above order dated 08.10.2021.

This issues with approval of Competent Authority.

*R. Sathish Kumar*  
Sathish Kumar R  
Director (LFP-II)